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MICHAEL J. FLYNN
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WILLIAM A. SHERIDAN
MICHAEL A. TARDI

December 30, 1986



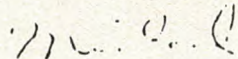
Enclosed please find your copy of the executed Mutual Release and a copy of the Settlement Agreement which you signed.

Please specifically note the following provisions of the Mutual Release:

1. The requirement and legal obligation agreed to by you to return all Scientology-related documents except attorney/client correspondence. Your copy of the affidavit that verifies your agreement to do this is enclosed.
2. The requirement and legal obligation to not disclose or discuss Scientology with anybody except your immediate family. This, of course, applies to the Mutual Release and Settlement Agreement attached hereto. This was a very important provision which was included to insure that all parties could get on with their lives without future media or publicity problems. Please insure that this requirement is fully complied with.

Lastly, keep all aspects of the settlement and the accompanying documents completely confidential.

Very truly yours,



Michael J. Flynn

MJF/led
Enclosures

H

CALIFORNIA
STATE OF PENNSYLVANIA)
Los Angeles) ss.
County of Montgomery)

AFFIDAVIT OF [REDACTED]

I, [REDACTED] being duly sworn, depose and state as follows:

1. The following statements are made voluntarily, of my own free will, and after full consultation with my attorney, Michael Flynn.

2. I hereby acknowledge the consummation of a Mutual Release and Agreement reached between myself and the Church of Scientology of California.

3. In accordance with the terms of said Mutual Release and Agreement, I hereby state that I have returned to the Church of Scientology of California all "documents" of any nature in my possession, custody or control relating to the practices of Dianetics or Scientology, all evidence of any nature acquired or retained for the purpose of any lawsuit or for any other purpose concerning any Church of Scientology or any of the other individuals or entities listed or referred to in the Mutual Release and Agreement, any financial or administrative materials concerning any Church of Scientology or any of the other individuals or entities listed or referred to in the Mutual Release and Agreement, and any materials relating to L. Ron Hubbard, his family, or his estate.

4. The term "documents" as used herein includes but is not limited to all originals, copies and copies derived from but not identical to the original, no matter how prepared, and

all writings, papers, notes, records, books and other tangible things including, by way of example and not of limitation, the following:

- a. Memoranda, notes, calendars, appointment books, shorthand or stenographer's notebooks, correspondence, letters and telegrams, whether received, sent, filed or maintained internally;
- b. Drafts or notes, whether typed, penciled or otherwise, whether or not used;
- c. Minutes, reports or summaries of meetings;
- d. Contracts, agreements, understandings, commitments, proposals or other business records;
- e. Recordings, transcriptions or memoranda or notes made of any telephone or face-to-face oral conversations between or among persons;
- f. Dictated tapes or other sound recordings;
- g. Computer printouts or reports and the applicable program or programs therefor;
- h. Tapes, computer disks, cards, or any other means by which data is stored or preserved electrically, electronically, magnetically or mechanically, and the applicable program or programs therefor (from which the undersigned may reproduce or cause to be reproduced such data in written form);
- i. Pictures, drawings, photographs, slides, films, negatives, charts or other graphic representations;

j. Checks, bills, notes, receipts, or other evidence of payment;

k. Ledgers, journals, financial statements, accounting records, operating statements, balance sheets or statements of accounts.

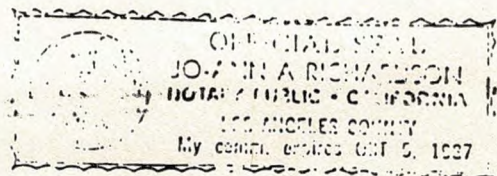
l. Any publications by the Church of Scientology of California, by Bridge Publications, or by New Era Publications, Inc. or any other Church of Scientology or related entity or individual.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.



Sworn and subscribed to before me
this 5TH day of December, 1986,
~~at Norristown, Pennsylvania.~~ LOS ANGELES, CA

J. Ann A. Richardson
Notary Public for the State of
Pennsylvania



5 Dec 86

MUTUAL RELEASE AGREEMENT

1. This MUTUAL RELEASE AGREEMENT is made and entered into this 5 day of December, 1986 by and between [REDACTED] and the Church of Scientology of California.

2. This is a release of the Church of Scientology of California, the Church of Scientology International, The Religious Technology Center, Author Services, Inc., and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel, L. Ron Hubbard, his heirs, estate, and his executor, Author's Family Trust, Mary Sue Hubbard, all Scientology organizations and entities and their officers, agents, employees, servants, directors, successors, assigns and legal counsel (all hereinafter collectively referred to as the "releasees").

3. It is understood that this settlement is a compromise of doubtful and disputed claims, and is not an admission of liability on the part of any party to this Agreement, specifically, the Church of Scientology of California, any other Scientology organization or entity, or any of their officers, agents, employees, servants, directors, successors, members, assigns, or legal counsel, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement [REDACTED] acknowledges that he has released the organizations, individuals and entities listed in Paragraph 2 because, among other reasons, they are third party beneficiaries of this Agreement.

4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein [REDACTED] does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel), L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor, Author's Family Trust, its beneficiaries and trustee, and Mary Sue Hubbard, and each of them, of and from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.

5. For and in consideration of the mutual covenants, conditions and release contained herein, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, [REDACTED] his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by [REDACTED] from the beginning of time to and including the date hereof.

6. Further, the undersigned hereby agrees to the following:

A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. Each party agrees to assume responsibility for the payment of any attorneys' fees, lien or liens, imposed against him in the past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Each party further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

C. [REDACTED] has been fully advised and understands that any alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by [REDACTED] nevertheless, [REDACTED] desires by this document to forever and fully release the releasees.

[REDACTED] understands that by the execution of this release no claims arising out of his experience with, or actions by, the releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the releasees.

D. [REDACTED] agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any

writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning his experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 2 above. [REDACTED] further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 2 above. [REDACTED] expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited to, the contents or substance of any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 2 above. [REDACTED] agrees that if the terms of this paragraph are breached by him, that the aggrieved party listed herein above would be entitled to liquidated damages in the amount of \$50,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by [REDACTED]

E. [REDACTED] agrees to return to the Church of Scientology of California at the time of the consummation of this Agreement,

all materials in his possession, custody or control of any nature, including documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 2 above, all evidence of any nature acquired for the purposes of any lawsuit or acquired for any other purpose concerning any Church of Scientology, any financial or administrative materials relating personally to L. Ron Hubbard, his family, or his estate.

F. [REDACTED] agrees that he will never again seek or obtain spiritual counseling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or affiliated organization.

G. [REDACTED] agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 2 above. [REDACTED] also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

H. [REDACTED] agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 2 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, [REDACTED]

agrees not to discuss this litigation with anyone other than members of his immediate family. [REDACTED] shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. As provided hereinafter in Paragraph 21, the contents of this Agreement may not be disclosed.

I, [REDACTED] hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

7. *This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

8. [REDACTED] agrees that he will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 2 of this Agreement.

9. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and all acts required by the terms hereof to be undertaken and performed by any party.

10. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.

11. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

12. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

13. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced ~~in accordance with the laws of the State of California.~~

14. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.

15. Each party warrants that it has received independent legal advice from its attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

16. The parties to this Agreement acknowledge that all

parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.

17. The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.

18. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party ~~includes successors, assigns, principals, agents and employees~~ thereof.

19. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

20. Each party warrants that the persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

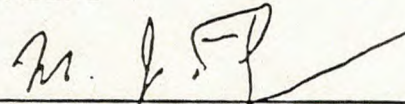
21. The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement.

22. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: _____

APPROVED AS TO FORM AND
CONTENT



MICHAEL J. FLYNN
Attorney for

Dated: _____

12/5/86

CHURCH OF SCIENTOLOGY
OF CALIFORNIA

By: _____

Kathleen Dunn

APPENDIX A

1. As used herein, the term "document" or "documents" include but are not limited to all originals, file copies and copies not identical to the original, no matter how prepared, of all writings, papers, notes, records, books and other tangible things including, by way of example and not of limitation, the following:

a. Memoranda, notes, calendars, appointment books, shorthand or stenographers' notebooks, correspondence, letters and telegrams, whether received, sent, filed or maintained internally;

b. Drafts and notes, whether typed, penciled or otherwise, whether or not used;

c. Minutes, reports and summaries of meetings;

d. Contracts, agreements, understandings, commitments, proposals and other business dealings;

e. Recordings, transcriptions and memoranda or notes made of any telephone or face-to-face oral conversations between or among persons;

f. Dictated tapes or other sound recordings;

g. Computer printouts or reports and the applicable program or programs therefor;

h. Tapes, cards or any other means by which data are stored or preserved electrically, electronically, magnetically or mechanically, and the applicable program or programs therefor (from which plaintiff may reproduce or cause to be reproduced such data in written form);

i. Pictures, drawings, photographs, charts or other graphic representations;

j. Checks, bills, notes, receipts, or other evidence of payment;

k. Ledgers, journals, financial statements, accounting records, operating statements, balance sheets and statements of account.

SETTLEMENT AGREEMENT

A. PRIOR SETTLEMENTS:

Settlement agreements made prior to November 1, 1986 and prior to the collective settlement stated below:

<u>Client</u>	<u>Amount</u>	<u>Fee and Expenses</u>
(1) Bears	\$115,000.00	To be determined with local counsel
(2) Garritys	\$175,000.00	To be determined with local counsel
(3) Petersons	\$175,000.00	To be determined with local counsel
(4) Jefferson	\$150,000.00	To be determined with local counsel
(5) Lockwood	\$150,000.00	To be determined with local counsel
(6) Hartwell	\$150,000.00	To be determined with local counsel
	<u>\$915,000.00</u>	To be determined with local counsel

B. INDEPENDENT SETTLEMENT:

The Christofferson-Titchborne settlement was made separate from the collective settlement. It was agreed to between attorney Gary McMurray, his client, Julie Christofferson-Titchborne and the Church of Scientology.

<u>Client</u>	<u>Amount</u>	<u>Fee and Expenses</u>
Christofferson-Titchborne	\$100,000.00	To be determined by attorney McMurray and client. None of the attorneys representing other clients in the collective settlement represent or have represented Christofferson-Titchborne.

C. COLLECTIVE SETTLEMENT:

The following cases/clients are part of a collective settlement made on December 11, 1986. The undersigned acknowledge that the settlement set forth above in Paragraphs A and B were made as separate settlements, meaning that the cases/clients listed in Paragraphs A and B agreed to the amounts stated therein prior to the collective settlement as in Paragraph A, and independent from the collective settlement as in Paragraph B. The total amount of the collective settlement is \$2,800,000.00. The total

~~amount of the collective settlement and the prior inde-~~
pendent settlements in Paragraphs A and B is \$3,815,000.00.

The collective settlement allocation is as follows:

<u>Client</u>	<u>Amount</u>	<u>Fee and Expenses</u>
(1) Nancy Dincalci	\$ 7,500.00	None
(2) Kima Douglas	\$ 7,500.00	None

(3) " " " "

(4) " " " "

(3)	Robert Dardano	\$ 15,000.00	None
(4)	Warren Friske	\$ 15,000.00	None
(5)	William Franks	\$ 40,000.00	None
(6)	Laurel Sullivan	\$ 40,000.00	None
(7)	Edward Walters	\$100,000.00	To be determined between client and attorneys
(8)	Howard Schomer	\$200,000.00	To be determined between attorney Bunch and client
(9)	Martin Samuels	\$500,000.00	To be determined between attorney McMurray and client
(10)	Gerald Armstrong v. Church of Scientology	\$800,000.00	To be determined between attorney Bunch and client
(11)	Fees and expenses to attorneys Contos & Bunch, Robert Kilbourne, Michael Flynn, and associated counsel for the prosecution and defense of various cases including the "Hubbard documents" case, the "check- frame up" case and the defense of approximately 17 lawsuits against attorney Flynn and his clients.	\$500,000.00	To be determined between attorneys Contos & Bunch, Michael Flynn, Robert Kilbourne, and associated counsel
(12)	Flynn v. Ingram (No. _____) Flynn v. Hubbard (No. _____)	\$575,000.00 -0-	To be determined between attorney Flynn and his counsel

\$2,800,000.00

We, the undersigned, agree and acknowledge that

- (1) we have read the foregoing Settlement Agreement;
- (2) that we agree with the total settlement amount and the allocations to the respective cases/clients as set forth therein;
- (3) that we have either consulted, been advised to consult or have had the opportunity to consult with attorneys other than Michael J. Flynn who, we acknowledge is also a claimant against the Church of Scientology and L. Ron Hubbard;
- (4) that we agree to maintain the confidentiality of this Settlement Agreement;
- (5) that we acknowledge that many of the cases/clients involved in this settlement have been in litigation against the Church of Scientology for more than six to seven years, that many have been subjected to intense, and prolonged harassment by the Church of Scientology throughout the litigation, and that the value of the respective claims stated therein is measured in part by the (a) length and degree of harassment; (b) length and degree of involvement in the litigation; (c) the individual nature of each respective claim in connection with either their involvement with the Church of Scientology as a member and/or as a litigant; (d) the unique value of each case/client based on a variety of things including, but not limited to, the current procedural posture of a case, specific facts unique to each case, and financial, emotional or consequential damage in each case; that we agree and

acknowledge that Michael J. Flynn has primarily been responsible for bearing the cost of the litigation over a period of approximately seven years, that he or his firm's members have been required to defend approximately 17 lawsuits and/or civil/criminal contempt actions instituted by the Church of Scientology against him, his associates and clients, that he and his family have been subjected to intense and prolonged harassment, and that his claims against the Church of Scientology and L. Ron Hubbard, and his participation as an attorney have a unique value which is accurately and properly reflected in the allocations set forth herein.

Nancy Dincalci
NANCY DINCALCI

DATE: Dec 5, 1986

Kima Douglas
KIMA DOUGLAS

DATE: Dec 5 - 1986

Robert Dardano
ROBERT DARDANO

DATE: Dec 20 - 1986

Warren Friske
WARREN FRISKE

DATE: _____

Laurel Sullivan
LAUREL SULLIVAN

DATE: Dec 7, 1986

John Christopher
JOHN CHRISTOPHER

DATE: Dec 6, 1986

CAROL GARRITY

Carol Garrity

WILLIAM FRANKS

Edward Walters

EDWARD WALTERS

Howard Schomer

HOWARD SCHOMER

Martin Samuels

MARTIN SAMUELS

Gerald Armstrong

GERALD ARMSTRONG

MICHAEL J. FLYNN

CONTOS & BUNCH
A PROFESSIONAL CORPORATION

By: 

BRUCE M. BUNCH - JULIA DRAGOMIR

Gary Mc Murray

GARY MC MURRAY

ROBERT KILBOURNE

Jane Paterson
3:3:17

Richard Paterson

DATE:

DATE: E.D.K.

DATE: December 7th 1986

DATE: 12-5-86

DATE: Dec 4, 1986

DATE: 12-6-86

DATE:

DATE: 12-10-86

DATE: December 6, 1986

DATE:

DATE:

DATE:

DATE: 12/5/86